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DIRECTORATE OF  
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CHILE: The Allende government is working out the mechanics for the nationalization of foreign mining companies.

According to recommendations made by a committee of economists and technicians, nationalization would be negotiated under a new mining code to be presented to Congress before the end of 1970. This is also the proposed deadline for appointment of teams to negotiate complete nationalization of the US-developed copper and iron mines.

The committee has proposed that three large state mining complexes be formed for copper, iron, and non-metallic minerals and that a mining development bank be established. Problems resulting from nationalization, such as the flight of technicians, availability of spare parts, and copper marketing, were also discussed.

Compensation proposed for nationalized properties would raise problems for the US Government, because much of the companies' remaining investment is insured by the US under an official program. US copper mining investments have a book value of more than \$400 million, but the committee proposed compensation of only \$242 million. Payment would be made in 20- to 30-year bonds bearing four-percent interest.

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